

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1137 - SB 1683

April 3, 2009

SUMMARY OF BILL: Requires law enforcement officials to check the citizenship status of any individual charged with a felony or second-offense or more DUI and if verification of lawful status cannot be obtained, to forward that information to the United States Department of Homeland Security. Requires all driver license examinations to be in English. Authorizes employers to require English to be spoken in the workplace if such requirement is based upon business necessity. Requires certain "evidence of identification" to be provided prior to voting. Prohibits state and local entities from providing state and local certain benefits including post-secondary education benefits without verifying lawful presence in the United States. Provides a Class D felony of aggravated perjury for any individual who knowingly makes a false, fictitious or fraudulent statement in an affidavit concerning residency for benefit purposes. For any individual having executed such an affidavit, verification of such lawful presence is to be made through the federal "SAVE program". Each state agency or department administering a benefit program is required to provide an annual report concerning its compliance with verification provisions. Requires employers in the state to verify the eligibility of a prospective employee through the United States Department of Homeland Security federal electronic work authorization verification service prior to hiring such individual. Requires any entity making a bid proposal with the state to include a copy of the required documentation proving the eligibility of employees. Prohibits any person from transporting an individual into the state whom the transporter knows or should reasonably have known is in the United States illegally. Such an offense is punishable as a Class A misdemeanor. Provides a Class A misdemeanor for any individual sheltering from detection a person(s) in the country illegally. Prohibits identity theft.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$25,000

Increase State Expenditures – \$880,200/One-Time

\$10,457,800/Net Impact/ Recurring

\$53,000/Incarceration*

HB 1137 - SB 1683

Increase Federal Expenditures - \$900,500

Increase Local Revenue – Not Significant

Increase Local Expenditures – Exceeds \$100,000**

Other Fiscal Impact – Any decrease in state expenditures as a result of prohibiting the delivery of certain public benefits to illegal immigrants is unquantifiable because it is unknown how many illegal immigrants currently receive such benefits. The process to determine immigrant status will lengthen the application process for many programs within state and local government. This may generate some offsetting costs. Such costs are unquantifiable. The Department of Health indicates that limiting participation in the WIC Program jeopardizes approximately \$127,951,705 in federal funds to the state. The Department of Children’s Services indicates that compliance with the provisions of this bill could result in the loss of \$89,326,500 in federal funds to the state.

Assumptions:

- The Department of Mental Health and Developmental Disabilities (MHDD) estimates the need for 25 additional staff at a recurring cost of \$1,254,300. Additionally, the department will incur costs of approximately \$342,600 annually for access to the SAVE program and approximately \$18,000 annually for verification requests from the system.
- The Department of Mental Retardation indicates there will be no fiscal impact to their programs because immigration status is currently checked prior to clients receiving benefits.
- TSAC indicates there will be no fiscal impact because the Free Application for Federal Student Aid (FAFSA) requires citizenship status to be provided by the applicant.
- The Department of Human Resources (DHR) will incur an annual increase in expenditures for SAVE inquiries estimated to cost approximately \$1,900 per year.
- The Tennessee Bureau of Investigation does not anticipate increased expenditures in association with this bill.
- The Department of Environment and Conservation does not anticipate increased expenditures in association with this bill.
- TennCare does not anticipate increased expenditures in association with this bill.
- The Department of Revenue does not anticipate increase expenditures in association with this bill.

- The Department of Safety (DOS) will incur a one-time increase in state expenditures of approximately \$150,900 for costs related to the issuance of new ID's. They will also experience a recurring decrease in state expenditures of \$64,900 due to no longer printing materials in Spanish. DOS also estimates a recurring increase in state revenue of approximately \$25,000 due to increased fine collections.
- The Department of Human Services (DHS) contracts with local government, agencies and non-profit organizations to operate several programs. It is estimated that the verification requirements will increase the administrative duties of the agencies. With a one percent increase in administrative costs, DHS will incur an increase in state expenditures of \$469,700.
- In 2007, there were approximately 1,064,936 encounters with persons over 18 in county health departments.
- It is estimated that the Department of Health will need two Public Health Office Assistants for verification and determination of qualified individuals. Nine Public Health Rep. 2 positions will be needed for the early detection and treatment of increased communicable diseases. Such is estimated to increase recurring state expenditures by \$6,340,600. Of this total, \$5,134,200 is for salary and benefits, \$27,000 for travel, \$20,000 for printing, \$130,900 for supplies, \$766,700 for rentals and insurance, and \$261,800 for communication and technology services. There will be a one-time increase in expenditures of \$729,300 for office set-up and supplies.
- The Department of Health also contracts for services with six metro health offices. There will be 16 additional positions to provide verification and determination of qualified individuals which is estimated to increase recurring expenditures by \$432,300.
- The Department of Children's Services indicates that additional days in custody for children with problems verifying citizenship will result in an increase in recurring state expenditures of approximately \$1,359,000 and an increase in recurring federal expenditures of \$816,400.
- The Department of Children's Services (DCS) will need four additional positions to comply with the verification provisions of the bill. The total recurring cost for the positions is \$231,300. These positions would be funded through both state and federal funds.
- Of the \$231,300, seven percent (\$16,191) will be Title IV-E Federal funds; 45 percent (\$104,085) will be through TennCare; and \$111,024 in state funds.
- Of the TennCare funds, \$36,172 are state funds at a 34.752 percent match rate and \$67,913 are federal funds at a 65.248 percent match rate.
- The total increase in expenditures for DCS is estimated at \$147,196 in state funds and \$84,104 in federal funds.

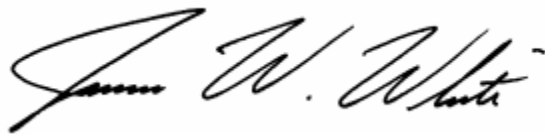
- Benefits under the Cover Tennessee program are not federally mandated and as a result will be subject to the provisions of the bill.
- The Cover Tennessee program will require two additional positions at a recurring cost of \$156,600 to comply with the verification provisions of the bill.
- According to the Department of Correction (DOC), there has been an average of 49 admissions for identity theft in each of the past 10 years.
- According to DOC, the average operating cost per offender per day for calendar year 2009 is \$59.80. According to the Department, the average post-conviction time served for a Class D felony is 2.43 years.
- DOC estimates a one percent (0.49) increase in the number of Class D felony convictions as a result of this bill. One additional offender every two years for identity theft to obtain employment and one additional offender every two years for aggravated perjury to obtain public benefits. The annualized time served per conviction is 443.11 days (0.50×886.22 days). The annualized cost per conviction is \$26,497.98 ($\59.80×443.11 days). The annualized cost for two offenders every two years is \$52,995.96 ($\$26,497.98 \times 2$).
- According to the U.S. Census Bureau, population growth in Tennessee has been 1.12 percent per year for the past 10 years, yielding a projected compound population growth of 11.78 percent over the next 10 years. No significant incarceration cost increase will occur due to population growth in this period.
- The Secretary of State will require a SAVE access terminal at an annual cost of \$300 and be required to do approximately 945 inquiries annually at a cost of approximately \$200. This would be required at the Tennessee Library for the Blind and Physically Handicapped. The total increase in state expenditures for the Secretary of State is estimated to be \$500.
- Any impact on caseloads in the state trial courts can be accommodated within existing resources.
- Many benefit programs administered at the local level are subject to federal immigration status requirements. Many of the ones that are not subject to federal requirements are administered in conjunction with the state therefore much of the cost of this legislation will be borne by the state. However, local governments will be required to do some verification. The estimated increase in expenditures by local governments statewide is estimated to exceed \$100,000.

**Tennessee Code Annotated, Section 9-4-210, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years.*

***Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/cce